Kingfish Zeeland B.V.
at Kats

Interim report H1 2020

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purposes d.d.: 16-10-2020

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Highlights

The Groups net result in the first half of 2020 increased to € 1,296 million negative, or 34.4%, compared with € 1,976 million negative in the same period of 2019. The increase was primarily caused by increase in operating income (increase in production) and an relatively increase in gross-margin.

The result before tax increased 32.0% to € 1,704 million from € 2,507 million in the first half of 2019, predominantly due to higher operating income. Income increased 18.9% as the production process had just been started in late 2018 and therefore the first half of 2019 much more effort was needed to generate a clientele base compared to the first half of 2020. Operating expenses increased with € 415,397, or 9.8%, on the first six months of 2020, mainly due to to higher cost of raw materials caused by higher production level in 2020.

Financial income and expenses decreased by € 153,467 due to leniencies provided by the bank, due to Covid-19.

<u>Refinancing</u>
In May 2020 the loans with Rabobank were restructured. The loan of € 750,000 which was due at the end of December 2019 has been renewed for another year and is now due the end of December 2020. However, the expectations are that the loans will restructured again late 2020.

In addition, an additional loan agreement has been signed at the end of May 2020 for an amount of € 4,000,000 with Rabobank for the investment of the expansion in the Netherlands. This loan has been drawn down in July and August 2020 and is repayable in 10 years with a fixed quarterly amount of € 105,263.

<u>Covid-19</u>
The Group has been impacted by the market disruption from Covid-19 from late Q1 2020. Various countries and local governmental authorities across the world have introduced measures aimed at preventing the further spread of Covid-19, such as bans on public events with over a certain number of attendees, closures of places where larger groups of people gather such as bars and restaurants, lockdowns, border controls and travel and other restrictions. Such measures have caused a decline in demand and resulted in a decline in sales and a rise of inventory of frozen fish.

In addition to measures aimed at preventing the further spread of the Covid-19 virus, governments in various countries have introduced measures aimed at mitigating the economic consequences of the outbreak. The Group has used some of the available financial measures in the Netherlands and the USA. These financial aids have been reported as other income in the Condensed consolidated statement of profit or loss. The Group has also received repayment leniencies from its long-term debt providers.

Despite the disruption caused by Covid-19 the Group has been able to continue its expansion plans in the Netherlands and the USA. In addition, the Group has seen a rise in sales since the last two months of the second quarter of 2020. The corona crisis is [illegible] a further negative strong effect on the result of the Group for the rest of 20[illegible] will also depend on how the coronavirus outbreak can be controlled. Due to the great uncertainty, it is difficult to map out the different scenarios. As a result, the expected impact of the coronavirus outbreak on our operations is not yet clear.

INTERIM FINANCIAL STATEMENTS

Consolidated statement of financial position

		30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Tangible fixed assets	1	21.930.088	18.231.846
Deferred tax asset	2	3.064.453	2.657.015
Total non-current assets		24.994.541	20.888.861
Current assets			
Inventory	3	4.145.640	2.652.475
Trade Accounts Receivable	4	722.624	637.984
Other receivables and prepaid expenses	5	885.939	770.089
		5.754.202	4.060.549
Cash and cash equivalents	6	2.798.814	10.555.145
Total current assets		8.553.016	14.615.694
Total assets		33.547.557	35.504.555

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EQUITY AND LIABILITIES		30 June 2020	31 December 2019
Equity attributable to equity holders of the parent			
Total equity	7	22.365.720	23.751.727
Non-current liabilities			
Long Term Loans		8.518.343	8.681.577
Total non-current liabilities	8	8.518.343	8.681.577
Current liabilities			
Shareholder loan		221.980	221.980
Trade Accounts Payable		921.762	1.639.464
Income tax payable		414.757	110.848
Other liabilities and accrued expenses	9	1.104.995	1.098.959
Total current liabilities		2.663.494	3.071.251
Total equity and liabilities		33.547.557	35.504.554

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Consolidated profit and loss account

		1 January until 30 June		31 December
		2020	**2019**	**2019**
Revenues		1.946.172	2.248.621	4.995.580
Changes in inventories and live fish stock		1.367.483	-	(440.918)
Total operating income		3.313.655	2.248.621	4.554.662
Operating expenses				
Cost of raw materials		1.680.964	1.480.362	2.198.683
Expenses work contracted out and other external expenses		228.323	302.791	592.236
Wages and salaries	10	848.402	549.612	1.344.604
Social security premiums and pension cost		279.386	170.912	391.895
Depreciation of property, plant and equipment		689.952	679.746	1.383.828
Other operating expenses	11	1.118.381	1.246.588	2.284.366
Total operating expenses		4.845.407	4.430.010	8.195.612
Operating result		(1.531.752)	(2.181.389)	(3.640.951)
Financial income and expense	12	(172.291)	(325.758)	(714.828)
Result before income taxes		(1.704.043)	(2.507.147)	(4.355.779)
Income tax credit/(charge)		407.439	530.651	1.333.937
Result for the year		(1.296.604)	(1.976.496)	(3.021.842)

Consolidated statement of changes in equity

	Issued and Paid-in Capital	Additional Paid-in Capital	Revaluation Reserve	Accumulated Deficit	Total Equity
Balance January 1, 2019	215.320	10.562.342	855.040	(3.935.504)	7.697.198
Issue of shares	204.924	20.195.285			20.400.209
Revaluation live fish stock			130.405	(130.405)	-
Prepaid share premium reserve		826.410		(826.410)	-
Fundraising cost		(1.323.838)			(1.323.838)
Own shares	(5.000)			5.000	-
Result for the period				(3.021.842)	(3.021.842)
Balance December 31, 2019	415.244	30.260.199	985.445	(7.909.161)	23.751.727
Addition	-	-	-	-	-
Fundraising cost		(89.403)			(89.403)
Result for the period	-	-	-	(1.296.604)	(1.296.604)
Balance June 30, 2020	415.244	30.170.796	985.445	(9.205.765)	22.365.720

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Consolidated cashflow statement

	1 January until 30 June 2020	2019	31 December 2019
Cash flows from operating activities			
Result for the period from continuing operations	(1.296.604)	(1.976.496)	(3.021.842)
Adjustments to reconcile result for the period to net cash provided in operating activities			
Depreciation property, plant and equipment	689.952	679.746	1.383.828
Release revaluation reserve	-	-	-
Deferred income tax movement	(407.439)	(530.651)	(1.333.937)
IFRS adjustment live fish stock	(192.752)	65.520	26.850
Changes in working capital			
Inventory	(1.493.164)	-	233.481
Short term receivables	(84.639)	(478.447)	(843.415)
Short term payable	(407.757)	(850.536)	(3.348.433)
Net cash provided by operating activities	(3.192.403)	(3.090.864)	(6.903.468)
Cash flows from investing activities			
Capital expenditures	(4.400.694)	(195.071)	(1.840.530)
Net receipt from the disposal of investments	-	-	8.500
Change of accounting policies			
Net cash used in investing activities	(4.400.694)	(195.071)	(1.832.030)
Cash flows from financing activities			
Proceeds from share offering, net of expenses	-	-	19.076.371
Long term lending	(163.234)	170.014	175.224
Net cash (used in)/provided by financing activities	(163.234)	170.014	19.251.595
Net decrease in cash and cash equivalents	(7.756.331)	(3.115.921)	10.516.097
Cash and cash equivalents, beginning of the year	10.555.145	39.048	39.048
Cash and cash equivalents, end of the year	**2.798.814**	**(3.076.873)**	**10.555.145**

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Kingfish Zeeland B.V. is Colijnsplaatse Groeneweg 2, 4485 PA in Kats. Kingfish Zeeland B.V. is registered at the Chamber of Commerce under number 64625060. These Condensed consolidated interim financial statements, as at and for the six months period ended 30 June 2020, comprise Kingfish Zeeland B.V. (the Parent company) and its subsidiaries, together referred to as the Group.

The most important activities of the entity

Established in 2015, the Kingfish Company engages in the production and supply of sustainable, safe and high quality seafood in its target markets.

In 2016 the company sanctioned its first project - a commercial scale pilot farm in the Netherlands for the production of more than 500 tons per annum of the supply constrained lucrative fish species ‘Yellowtail Kingfish’ via a proprietary recirculating aquaculture system. Since then the company completed the construction of the farm, closed the ‘production cycle’ and reached industry leading operational results.

In 2019 the company initiated its scale-up plan, targeting to reach production levels of Yellowtail Kingfish of 20,000 tons per annum by 2025. As part of the scale-up plan two new entities where created to service Northern America;

- Kingfish Maine Inc.
- Yellowtail Hatchery Inc.

The companies are fully owned by Kingfish Zeeland B.V..

The Kingfish Company continues to explore additional market opportunities across various species and production methods.

General notes

Disclosure of going concern

The negative results up to the first half year of 2020 mainly occurred due to the fact that the company is in startup phase. The startup phase is financed by shareholders' equity and bank debt. The shareholders' equity per 30 June 2020 amounts € 22,365,720 positive.

The board of Kingfish Zeeland B.V. has made a cash flow forecast up until the end of 2030 and shows a net cash flow which is sufficient to meet the short term payment obligations. The company has sufficient funds to reach budgeted cash flows positive. Given this information, the condensed interim financial statements have been prepared on the basis of the going concern assumption of the Group.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Kingfish Zeeland B.V. make different estimates and judgments tha[illegible]al to the amounts disclosed in the financial statements. If it is necessary [illegible]vide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Disclosure of consolidation

Kingfish Zeeland B.V. is at the head of a group of companies. The group includes Kingfish Maine Inc.(100%) and Yellowtail Hatchery USA Inc (100%).

The following entities are included in the consolidation:
- Kingfish Maine Inc.(100%);
- Yellowtail Hatchery USA Inc. (100%).

Changes in accounting policies

The Group re-assessed its accounting policy for property, plant and equipment with respect to measurement of buildings after initial recognition. The Group had previously measured it building in Kats using the fair value model whereby, after initial recognition, the building was carried at actual cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2020, the Group elected to change the method of accounting for buildings, as the Group believes that the cost less accumulated depreciation and impairment losses model provides more relevant information to the users of its financial statements as it is in line with the policy choice adopted by its main competitors. In addition, the cost model provides more reliable information due to the specific nature of the buildings. The Group applied the cost model retrospectively.

After initial recognition, buildings are measured at cost less subsequent accumulated depreciation and any subsequent accumulated impairment losses.

The impact of this change in accounting policy on group equity amounts to € 2,251,049. The effect on the result in the period 1 January 2020 until 30 June 2020 amounts to nil, as the depreciation on the revaluation was off-set by the release of the revaluation reserve and deferred tax liability.

Overview of impact on financial figures:

*000 EUR	Tangible fixed assets	Deferred Tax Liability	Equity	Profit & Loss
Bookvalue 01-01-2019	**20,602**	**(493)**	**(9,948)**	**-**
Change in accounting policy	*(2,839)*	*493*	*2,251*	*95*
Revised bookvalue 01-01-2019	**17,634**	**-**	**(7,697)**	**-**

General accounting principles

The accounting standards used to prepare the financial statements

The Condensed consolidated interim financial statements have been prepared in

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Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

These condensed consolidated interim financial statements (‘interim financial statements’) for the six months ending 30 June 2020 have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board (further: Dutch GAAP) in general and in specific article 394 of the Dutch GAAP.

These interim financial statements and should be read in conjunction with the Consolidated Annual Report 2019 as this document does not include all the information and disclosures required in the annual financial statements.

The applied accounting policies are in line with those as described in the Consolidated Annual Report 2019 except for the impact of the changes in accounting policies as described above. These interim financial statements have been reviewed by the external auditor of Kingfish.

Certain figures may not tally exactly due to rounding. In addition, certain percentages may have been calculated using rounded figures.

In preparing the Interim Financial Statements, Kingfish has applied the concept of materiality to the presentation and level of disclosures. Only essential and mandatory information is disclosed which is relevant to a reader’s understanding of these Interim Financial Statements

*Revenues and Cost measurement*The company didn’t recognize a seasonally, cyclically or occasionally trend regarding the revenues and the cost incurred during the financial period. The measurement of the interim report doesn’t affect the measurement of the annual results.

Finance leases

The Group has lease contracts whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognized on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease installments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the consolidated profit and loss account for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operating leases

The Group has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the corporation. These lease contracts are recognized as operational leasing. Lease payments are recorded on a ... s, taking into account reimbursements received from the lessor, in the conso... ss account for the duration of the contract.

Accounting principles

Property, plant and equipment

Buildings are valued at acquisition cost less straight line depreciation based on the expected life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account.

Other tangible fixed assets are valued at acquisition or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Interest expenses directly attributable to qualifying assets are capitalized during the manufacturing period. Other interest expenses are recognized directly in the income statement.

Financial assets

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Impairment of non-current assets

On each balance sheet date, Kingfish Zeeland B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realizable value and the value in use.

An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realizable value is initially based on a binding sale agreement; if there is no such agreement, the realizable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of cor[illegible]set / cash-generating unit; these cash flows are discounted.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Inventories

<u>Raw materials and consumables</u>
Inventories of raw materials and consumables are valued at cost price, based on the FIFO method, or lower realizable value. The cost price consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current conditions. The realizable value is the estimated sales price less directly attributable sales costs. In determining the realizable value the obsolescence of the inventories is taken into account.

<u>Live fish stock</u>
The live fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value less selling expenses. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13. These references are subject to estimation elements regarding the realizable value.

<u>Harvested fish stock</u>
The harvested fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value less selling expenses. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13. These references are subject to estimation elements regarding the realizable value.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Non-current liabilities

On initial recognition long-term debts are recognized at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortized cost price is the same as the nominal value of the debt.

Current liabilities

On initial recognition current liabilities are recognized at fair valu[illegible]cognition current liabilities are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

Revenue recognition

Net turnover comprises the income from the supply of goods and services and realized income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Wages

The benefits payable to personnel are recorded in the consolidated profit and loss account on the basis of the employment conditions.

Applied policy of pension costs

The Company pays contributions to the sector pension plan managed by BPL Pensioen. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable.

Income tax expense

Tax on the result is calculated based on the result before tax in the non-consolidated profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

1. Tangible fixed assets

(€)	Land and Buildings	Plant and equipment	Other fixed assets	Assets under construction	Total
Book value January 1 2020	6.553.927	9.434.958	1.357.891	885.070	18.231.846
Additions/Transfers	61.549	33.580	7.604	4.297.961	4.400.694
Disposals			(12.500)		(12.500)
Depreciation	(67.690)	(599.151)	(23.111)	-	(689.952)
Book value June 30 2020	6.547.786	8.869.387	1.329.884	5.183.031	21.930.088
Original cost	6.905.193	10.965.754	1.485.283	5.183.031	24.539.261
Accumulated depreciation	(357.407)	(2.096.367)	(155.399)	-	(2.609.173)
Book value June 30 2020	6.547.786	8.869.387	1.329.884	5.183.031	21.930.088

(euro thousands)	Land and Buildings	Plant and equipment	Other fixed assets	Assets under construction	Total
Book value January 1 2019	6.748.671	10.349.521	665.603	-	17.763.795
Additions/Transfers	-	211.629	743.831	885.070	1.840.530
Disposals	-	-	(19.750)	-	(19.750)
Depreciation	(194.744)	(1.126.192)	(37.882)	-	(1.358.818)
Depreciation on disposals	-	-	6.089	-	6.089
Book value December 31 2019	6.553.927	9.434.958	1.357.891	885.070	18.231.846
Original cost	6.843.644	10.932.174	1.490.179	885.070	20.151.067
Accumulated depreciation	(289.717)	(1.497.216)	(132.288)	-	(1.919.221)
Book value December 31 2019	6.553.927	9.434.958	1.357.891	885.070	18.231.846

The other fixed assets include breeding stock for an amount of € 1,079,500 at 30 June 2020 (€ 1,092,000 as per 31 December 2019). Impairment of the breeding stock as a result of mortality is not presented separately.

2. Deferred tax asset

The deferred tax asset refers to losses made in 2016 until the first half of 2020. The Group expects to offset these losses with expected future profits within the settlement periods as set by the Tax Authorities. At 30 June 2020 deferred income tax assets on carry-forward losses have been recognized for an amount of €3,064,453 (2019: €2,657,015). The losses are recognized based on taxable temporary differences or future expected results taking into consideration the expiration date of historical losses and other tax regulations. The related income tax losses amount to €14,195,042 (2019: €12,490,999).

3. Inventory

(€)	30 June 2020	31 December 2019
Live fish stock	2.881.120	2.141.672
Frozen fish stock	775.064	134.529
Freed	326.117	225.938
Packaging materials	62.980	41.822
Other inventory	100.358	108.514
Total	4.145.640	2.652.475

Biological Assets

Under the provisions of IAS 41, Agriculture and IFRS 13, Fair Value Measurement, biological assets ("biomass") are measured at fair value less cost to sell, unless fair value is not readily measured. Biomass comprise of live fish in tanks from fry to adult grow-out. All fish held in tanks are considered saleable and are therefore measured at fair value less cost to sell.

The cost of biological assets ("biomass costs") includes all costs required to raise fish from larvae to harvest. Key biomass costs are generally recognized on a historical basis and include fish feed, other raw materials, salary and personnel costs, utilities, and other overhead from production.

The valuation of biological assets under IAS 41 is based on an implied estimated fair value of the fish in a hypothetical market. The estimate of the unrealized fair value adjustment under IFRS 13 is based on several factors such as changes in the final market destinations of fish sold, changes in forward market price and biomass costs, changes in biology, and differences in anticipated quality and size. The key element in approximating fair value is the assumed market price expected to be achieved on the future date in which the fish is to be harvested. Such market prices are based on a variety of sources including, but not limited to, the Companies historical sales prices achieved. The market prices are then reduced for harvesting and freight costs required to sell to arrive at a net value back to farm. The difference between the fair value and the associated cost to sell is recognized under fair value adjustments in the accompanying consolidated statements of operations.

Incident-based mortality is recognized when the facility experiences elevated or substantial mortality due to an incident out of expected normal capacity. In such cases, mortality expense is included as part of cost of materials in the accompanying consolidated statements of operations, and the fair value associated with the affected biomass is [illegible] fair value adjustments in the Company's statements of operations.

Fair Value Measurement of Biological Assets
Under the provisions of IAS 41, the fair value of the Companies biological assets is calculated based on the market price for the relevant fish quality and size on the reporting period date. As the biomass input is mostly unobservable, biomass valuation is categorized at Level 3 in the fair value hierarchy under IFRS 13. The estimated market price in each market is normally derived from the development in recent market prices. The valuation model for the Company's biological assets calculates the net present value of the expected cash flow from harvested biomass based on the actual number of fish as a starting point. The time to market for live fish is based on a growth table for each generation of fish. The Company considers a live fish weight between 700 grams and 4 kilograms to be the optimal harvest weight with an expected growth period between 4 to 12 months. Expected mortality rates are used to estimate the expected volume of biomass that will reach optimal harvest weight. On average, an estimated of more than 95% of fingerlings is expected to reach the optimal harvest weight and takes into consideration both mortality and culling. Observable market prices are used where available.

As of 30 June 2020 and 2019, the companies biological assets consisted of the following:

(EUR 1,000)	2020	2019
Cost of biological assets	1.461	1.033
Fair value adjustments	1.420	1.109
Total biological assets	**2.881**	**2.142**

The following represents a reconciliation of changes in the carrying amount of the company's biological assets for the years ended 30 June 2020 and 2019:

(EUR 1,000)	2020	2019
Biological assets at beginning of year	**2.142**	**2.717**
Increases due to production and purchases	4.495	7.093
Decreases due to harvest	-3.607	-6.702
Decreases due to mortality	-148	-313
Gain or loss arising from changes in fair value less costs to sell	-	-653
Biological assets at end of year	**2.881**	**2.142**

As of 30 June 2020 and 2019, the companies physical volumes of biological assets consisted of the following:

(EUR 1.000)	2020	2019
Live weight of biomass (in tons)	218	166
Number of fish (thousand)	342	259
Volume of fish harvested during the year (tons whole round weight)	273	485

Sensitivity Analysis
Although the Company has expertise in assessing various factors rega
estimate of unrealized fair value adjustment under IFRS 13 is based o

assumptions, and the realized profit ultimately achieved upon the sale of inventory may differ from the calculations of fair value accordingly. Such assumptions include biomass volume and growth rate, biomass quality and size distribution, biomass costs, fish mortality, and market price.

Biomass Volume and Growth Rate:

Biomass volume and growth rate is estimated from the changes between known tank density prior to the release of fish in tanks and the current tank density with live fish. The difference in densities is then used to estimate growth between any given period, which gives uncertainty with respect to biomass volume and growth rate.

Biomass Quality and Size Distribution:

Biomass quality prior to harvest is estimated based on periodic samples obtained throughout the life of a given batch. However, the actual bio-mass quality for the entire batch population is difficult to assess prior to harvest and some degree of variation of quality is expected. Fair value is first assessed as superior quality fish and the estimated price per kg is reduced on downgraded ordinary and production grade fish based on standard rates from historical benchmarks. Biomass size distribution prior to harvest is estimated from counting and grading systems prior to harvest. Although some degree of variation is expected, actual fish size is not expected to deviate substantially from the average distribution for the overall batch and therefore, the companies estimated value of biomass with this respect.

Biomass Costs:

Estimated future biomass costs are based on the company's forecasts taking into consideration factors such as uncertainty with feed prices or other biomass cost developments. Changes in the company's estimation towards biomass costs would influence the value of biomass and is recognized accordingly as part of the fair value adjustments in the accompanying consolidated statements of operations.

Fish Mortality:

Mortality under normal capacity is expected and directly affects the fair value estimates as it ultimately results in a reduction in harvestable biomass volumes. Further, overall biomass costs for a given batch includes the cost of fish that will perish under expected mortality.

Market Price:

The key element in the fair value model of biological assets is the estimated forward market price that is expected to be received in the future when the fish is harvested. An increase in anticipated forward market prices would increase the fair value of the biological assets and vice versa. A change in biomass costs will generally have lesser impact on the estimated fair value calculation that a similar change in anticipated forward market prices.

The fair value of the company's biological assets was calculated based on different parameters. As of 30 June 2020 and 2019, the estimated effect on the book value of biological assets was as follows:

(EUR 1,000)	**Increase**	**2020**	**2019**
Change in biomass size	5%	3.067	2.289
Change in forward price	5%	3.025	2.249

Incident-Based Mortality

No significant mortality incidents were noted for the years ended 30 June 2020 and 2019.

4. Trade accounts receivable

(€)	**30 June 2020**	**31 December 2019**
Gross trade accounts receivable at December 31	747.624	662.984
Doubtful debt provision at December 31	(25.000)	(25.000)
Net trade accounts receivable at December 31	722.624	637.984

(€)	**30 June 2020**	**31 December 2019**
Doubtful debt provision at January 1	(25.000)	-
Addition to provision	-	(25.000)
Utilization of provision	-	-
Doubtful debt provision at December 31	(25.000)	(25.000)

(€)	**30 June 2020**	**31 December 2019**
Aging between 1-30 days	460.143	420.655
Aging between 31-60 days	177.393	137.229
Aging more than 60 days	85.088	80.100
Total trade accounts receivable	722.624	637.984

Trade accounts receivable as presented under current assets, mature within one year. The carrying amount of trade accounts receivable approximates its fair value and are non-interest bearing. The Company had a credit insurance on the trade accounts receivable and expects to receive the payments for the overdue amounts, therefore these amounts are not provided for. The doubtful debt provision is related to disputes.

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5. Other receivables and prepaid expenses

(€)	30 June 2020	31 December 2019
Receivable from shareholders	16.988	128.279
VAT receivable	389.790	292.407
Other receivables	625.314	376.254
Total	1.032.092	796.940

The other receivables include a factoring facility provided by Rabobank. The factoring limit is € 1,000,000 and is based on 90% of the qualifying outstanding debtors. The economic ownership of the debtors remains with Kingfish Zeeland B.V.. The following guarantees are given for the factoring facility:
- Pledge on all current and future receivables;
- Pledge on all rights and claims credit insurances.

6. Cash and cash equivalents

The maximum current account credit is € 3,000,000. The account credit consists of a fixed base limit in an amount € 1,500,000 and a related additional limit of maximum € 1,500,000 based upon the value of the pledged inventory. The fixed base limit of € 1,500,000 will be removed on December 31th 2021, the total maximum will then be based upon the value of the pledged inventory. The interest rate is based on 1 month Euribor plus a markup of 2,85%. For the securities provided we refer to note 12 regarding the Rabobank loan.

7. Group equity

The Revaluation Reserve live fish stock has increased with € 130.512 due to a rise in numbers of live fish stock. During the first 6 months of 2020 the price per fish increased with an average of €0.31 per kilogram.

8. Non-current liabilities

(€)	30 June 2020	31 December 2019
Loan Rabobank (0050021680)	5.841.741	5.839.821
Lease liability	1.824.094	1.986.216
Loan Rabobank (0050099049)	750.000	750.000
Loan Visserij Investeringsfonds Nederland (430005020)	500.000	500.000
Loan Visserij Investeringsfonds Nederland (430004020)	300.000	300.000
Loan Rooftop Energy B.V.	9.498	16.508
	9.225.332	9.392.545
Repayment due within 12 months	706.989	710.968
Long term loan at December 31	8.518.343	8.681.577

Loan Rabobank (0050021680)

(€)	30 June 2020	31 December 2019
Balance as at January 1	5.839.821	5.985.982
Repayment of loans	-	(150.000)
Amortization transaction cost	1.920	3.839
Interest charged	78.761	175.375
Interest paid	(78.761)	(175.375)
Outstanding amount	5.841.741	5.839.821
Repayment due within 12 months	(300.000)	(300.000)
Balance as at December 31	5.541.741	5.539.821

The principle amount of the loan is € 6,100.000. The repayment term amounts to € 75,000 per quarter as from 30 June 2019 and an additional repayment of € 3,100,000 on 30 June 2029. The transaction costs attributable to the loan amount € 46,750 and are deducted from the amount received. The transaction costs will be amortized during the duration of the loan. As a result of the Covid-19 pandemic the Company received a lenience on the repayment of the loan. Therefore no repayment has occurred during the first 6 months of 2020 and further repayments have been postponed with 3 months.

The interest rate is based on 3 months Euribor plus a markup of 3.25%. The markup of 3.25% is fixed for the duration of three years. The facility is a 20 year mortgage, ending after 10 years.

Besides the loan the company also has a working capital facility at Rabobank with a maximum current account credit of € 3,000,000. The maximum current account credit is € 3,000,000. The account credit consists of a fixed base limit in an amount € 1,500,000 and a related additional limit of maximum € 1,500,000 based upon the value of the pledged inventory. The fixed base limit of € 1,500,000 will be removed on December 31th 2021, the total maximum will then be based upon the value of the pledged inventory. The interest rate is [illegible] Euribor plus a markup of 2,85%.

Guarantees:
- First mortgage for an amount of € 6,100,000 on the land and the company hall at Oostzeedijk 11, 4485 OM Colijnsplaat;
- Pledge on insured stock;
- Pledge on all current and future stocks;
- Pledge on all current and future inventories.

The following conditions apply to the loan:
- Satisfy a solvency ratio of at least 45% (as from 31 December 2021);
- Satisfy a debt service ratio of at least 1.3 (as from 31 December 2021);
- Compliance with the negative pledge and pari passu;
- Compliance with a 'No Change of Control';
- Non-dividend statement.

An additional loan agreement has been signed with Rabobank at the end of May 2020 for an amount of €4.000.000, for the investment of the expansion in the Netherlands. This loan has been drawn down in July and August 2020 and is repayable in 10 years with a fixed quarterly amount of €105.263. The following guarantees are given for this additional loan:

- A third right of mortgage on the fish farm at Oost-Zeedijk 13, Kats;
- A second right of mortgage on the Colijnsplaatse Groenweg 2, Kats up to an amount of EUR 5,000,000;
- Pledge on the rights pursuant to the CAR-insurance.

Lease liabilities

Kingfish Zeeland B.V. entered a sale and lease back agreement with Rabobank for the total amount of € 3,258,000. Legal ownership of the assets under financial leasing has been transferred to Rabobank. After expiring of the fixed term of 72 months, the company will be entitled to:
- purchase and acquire title to the Asset at the price of € 260,640; or
- renew the agreement by one year; or
- return the asset to the lessor to a location in the Netherlands designated for that purpose by the lessor.

Movement in first half of 2020 consist only of repayments.

Loan Rabobank (0050099049)

During May 2020 repayment term of the loan is extended to 31 December 2021.

9. Other liabilities and accrued expenses

(€)	30 June 2020	31 December 2019
Short term portion of long term liabilities	706.989	710.968
Prepaid subsidies	119.392	-
Consulting fees	-	88.000
Compensation accruals	102.402	110.932
Accrued interest	22.690	22.690
Other accrued liabilities	153.522	166.370
Total other liabilties and accrued liabilities	1.104.995	1.098.959

Off balance sheet rights, obligations and arrangements

Disclosure of off balance sheet commitments

Rent and operating lease commitments

Rent and operating lease expenses amounted to approximately € 66.000 per annum. The main part of future rent commitments relates to the renting of office and storage space and forklifts. The majority of these contracts have an indefinite term and can be terminated with a few weeks' notice.

Off balance sheet liabilities relating to purchase commitments

The group has committed itself for purchased regarding the expansion of the production facility amounting to € 6,500,000, which is part of a €10,000,000 CAPEX program. In first half of 2020, the company already invested approximately a €4,500,000 on behalf of this CAPEX program.

SUBSEQUENT EVENTS

The coronavirus outbreak during the first months of 2020 has major consequences for the global economy. The consequences of the coronavirus outbreak are included in the 2020 H1 Interim report. Due to the outbreak of the corona virus and the resulting corona crisis, the results of the company during 2020 have decreased compared to what was budgeted. This decrease has mainly occurred from March 2020.

The corona crisis is expected to have a further negative strong effect on the result of the legal entity for the rest of 2020. However, this will also depend on how the coronavirus outbreak can be controlled. In addition to measures aimed at preventing the further spread of the Covid-19 virus, governments in various countries have introduced measures aimed at mitigating the economic consequences of the outbreak. The Group has used some of the available financial measures in the Netherlands and the USA. Despite the disruption caused by Covid-19 the company has been able to continue its expansion plans in the Netherlands and the USA. In addition, the company has seen a rise in sales since the last two months of the second quarter of 2020. However, due to the great uncertainty, it is difficult to map out the different scenarios. As a result, the expected impact of the coronavirus outbreak on our operations is not yet clear.

10. Wages and salaries

The presentation in the profit and loss account of an operating government grant is not prescribed under Dutch GAAP. Presenting the wage costs subsidy as 'other operating income' or deducting the wage costs subsidy from the relevant costs are prescribed options, as an accounting policy choice. The Company has decided to present the COVID-19 related grant as a deduction of the relating wage and salary costs as the grant is to cover ongoing wage and salary costs. The amount received for the Netherlands operations is € 249,543.

Wages and salaries also include a grant of € 41,856 (1 January 2019 until 30 June 2019: € 41,856) which the Company received as part of the ongoing Research & Development program of Rijksdienst voor Ondernemend Nederland (RVO).

Average number of employees in 2020: 44,46 (2019: 34,23)

11. Other operating expenses

(€)	1 January until 30 June **2020**	**2019**
Other employee expenses	261.571	390.979
Selling expenses	178.041	176.155
Operating and machine expenses	289.821	223.380
Housing expenses	101.226	63.635
Car expenses	7.891	16.131
Office expenses	12.586	18.758
General expenses	267.243	357.550
Total other operating expenses	1.118.381	1.246.588

12. Financial income and expense

(€)	**2020**	**2019**
Interest expense – lease liabilities	133.676	183.364
Interest expense – related party	-	111.478
Other interest expences and bank charges	36.696	30.915
Total Interest and other expense	170.372	325.758

13. Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Balances with related parties as per year-end are disclosed in the statement of financial position and previous notes and in the table below.

(€)	1 January until 30 June **2020**	**2019**
Related Party Revenues	-	-
Related Party Costs	86.251	
Total related party transactions	86.251	-

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Kats,
Kingfish Zeeland B.V.

I. Young	O. Maiman	C.J. Kloet
CFO	CEO	COO

ACCOUNTANTS REPORT TO BE INCLUDED

Auditors

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To the shareholders of
Kingfish Zeeland B.V.

INDEPENDENT AUDITOR'S REVIEW REPORT

Introduction
We have reviewed the accompanying (condensed) consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 of Kingfish Zeeland B.V., based in Kats.

The interim financial information comprises:

1. the consolidated balance sheet as at 30 Juni 2020;
2. the consolidated profit and loss account for the period from 1 January 2020 to 30 June 2020; and
3. the notes, comprising a summary of the accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of this interim financial information in accordance with the Richtlijn voor de Jaarverslaggeving 394 'Tussentijdse Berichten' (Dutch Accounting Standard 394 on Interim Reports). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope
We conducted our review in accordance with Dutch law including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the period from 1 January 2020 to 30 June 2020, is not prepared, in all material respects, in accordance with the Richtlijn voor de Jaarverslaggeving 394 'Tussentijdse Berichten' (Dutch Accounting Standard 394 on Interim Reports).

Auditors

Goes, 16 October 2020

Baker Tilly (Netherlands) N.V.

Was signed

Harry van den Burg